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NATIONAL POLICY AND ISSUES

WHOLE PEOPLE OWNERSHIP SYSTEM DISCUSSED

HK050744 Beijing JINGJI YANJIU [ECONOMIC RESEARCH] in Chinese No 3, 20 Mar 81
pp 44-52

[Article by Li Zeshong [2621 3419 0022] of Economic Research Institute of Chinese Academy of Social Sciences: "On the Theory and Practice of the System of Ownership by the Whole People Under Socialism"]

[Text] Work in the whole country at present should be focused on the readjustment of the national economy. This must first be clarified and we should not waver a bit. We must carry out economic reform which is favorable for readjustment and we must continue to develop theoretical exploration in preparation for reform of the economic system in the future. I shall now carry out some investigations into the questions of theory and practice of the system ownership by the whole people under socialism, such as how to recognize the economy of the system of ownership by the whole people under socialism, what are the theoretical assumptions made by the founder of Marxism, what are the developments and questions in practice and how to theoretically handle the questions such as the stage and trend of the development of the economy of the system of ownership by the whole people in accordance with the experiences acquired.

In the course of establishing the scientific theory of socialism, Marx and Engels made a general assumption about the economy of the system of public ownership under socialism on the basis of analyzing the basic contradictions in capitalist society. As seen from an imaginary theoretical model of the socialist economy, it is a unitary system of socialist ownership and implements distribution according to work. There are no commodities or monetary relations, and exploitation and classes have been wiped out. The prerequisite for this economic model is a high degree of development of the social productive forces, which is the socialization of production in various departments such as industry and agriculture. On another occasion, in the course of discussing the question of farmers in countries where capitalism is not developed, Marx and Engels put forth the theory of cooperatives in accordance with the nature of the individual economy, and thought that the cooperative is the path through which the peasants go toward economy and the path prompting the transition of the system of private land ownership toward collective ownership.

The theory of socialism has already been put into practice in one country after another. However, since capitalism is undeveloped or only moderately developed in these countries, there is a great difference between the practice of the socialist system of ownership and the assumptions of Marx and Engels. After the victory of the October Revolution, Lenin could not possibly set up a unitary system of public ownership under socialism in accordance with the historical conditions and characteristics of Russia, but he affirmed the demands for setting up various forms of public ownership under socialism. After socialist transformation had been basically completed in Russia, Stalin generalized the system of public ownership under socialism as the two forms of the system of ownership by the whole people and the collective ownership system. This was the economic model adopted later by China and some other socialist countries. Facts show that the economy of the system of public ownership under socialism and the laws of its movement are still in the course of practice and exploration at present.

Seen from the history of the development of socialism, many models of the socialist system of ownership by the whole people have emerged one after the other. The earliest was the Russian model. This is an economic model with a high degree of centralization. It implements the plan of issuing directives and stresses the management of the national economy with administrative methods. The system of ownership by the whole people in our country has been built up on the basis of this model. This economy with a great centralization of authority helps pull together manpower, material and financial resources to carry out key point construction. This is favorable for coordinating arrangements and supports economic construction in backward regions. However, precisely because of the overcentralization of authority in the country, the plans are too rigid and do not conform to reality. It is, therefore, not possible to develop the active creativity of the localities, enterprises and employees. Practice shows that after a certain stage of development, the problems exposed by these economic models are more and more serious and are not favorable for the development of socialist production and construction. As it is seen now, we have still not recognized or grasped the law of movement of the socialist system of ownership by the whole people.

Since the 1950's, the economic model of self-management by socialist workers has emerged in Yugoslavia. This is an economic system which turns from a high degree of centralization to decentralization, from a planned economy to a market economy and from the control of economy with administrative methods to the management of economy with economic methods. History proves that this economic model helps develop the spirit of socialist democracy and helps employees become masters. It is favorable for implementing the principle of material interests and the principle of distribution according to work. It develops the role of the law of value and can thus better develop the initiative and enthusiasm of the enterprise and employees. However, there are still certain problems with this model at present. For example, it disregards the guiding role of planning and there is spontaneity and tendencies toward anarchism. There should be continuous practice and improvement to eliminate these shortcomings. However, when its strongpoints and shortcomings are compared, it has given impetus to the rapid development of the economy in Yugoslavia and has rapidly improved and raised the level of people's material and cultural life.

Since the 1960's, another kind of economic model has again emerged in some countries on the basis of economic reform. At first, they were also developed in accordance with the economic model in Russia. In economic practice subsequently, they have summed up their experience, drawn lessons from the experience of the two kinds of economic models mentioned above and have gradually reformed the economy of the system of ownership by the whole people. In handling the relationship between centralization of authority by the government and delegation of authority to the localities and enterprises and the relationship between government plans and regulation of the market, they have upheld government guidance and control over national economic life as well as given greater freedom to economic activities in enterprises. Seen from practice, this has sped up the development of the national economy and attained certain results.

Summing up the above, Marxists have gone through several stages of development in their understanding of the socialist system of public ownership. The theory and assumptions concerning socialist public ownership put forth by Marx and Engels belong to the first stage of understanding. The Russian economic model set up by Lenin and Stalin is the second stage of development in the understanding of the socialist system of public ownership, which is the stage of development from theory to practice. At the same time, this practice has further enriched and developed the theory of socialist public ownership. The economic model of the workers' self-management in Yugoslavia is the third stage of development in understanding. The experience of Yugoslavia shows that there should not be only one model in socialism and construction may be carried out by different methods and paths. Yugoslavia integrates the universal truth of Marxism with the actual practice in the country and has opened up a road for building socialism which is suitable for the conditions and characteristics in Yugoslavia and has provided new experience and revelation for other socialist countries. From then on, people's understanding of the economic reform in other countries has entered a new stage of development.

People's understanding of the economy of socialist public ownership does not end here. The various existing economic models have their respective strongpoints and shortcomings. Some have many advantages while others have fewer advantages. Some have many shortcomings while others have fewer shortcomings. Even economic models which can relatively develop the initiative of the enterprises and employees are not perfect. This shows that the economy of socialist public ownership still needs to be developed and improved through practice and we need to further understand and grasp the law of its movement.

At present, our country is studying the lessons and experience of the various economic models according to its own experience of building socialism and the existing questions. It is weighing the strongpoints and shortcomings and attempting to open up a road for building socialism which is suitable for the conditions and characteristics of China. It can be predicted that after repeated practice, our understanding of the socialist system of public ownership will be pushed toward an even higher stage of development.

We must carry out reform on the economy of the system of ownership by the whole people under the present stage of socialism in our country because it has many problems and it is divorced from the present conditions of the productive forces. Generally speaking, these problems are mainly manifested in these several aspects:

First, we have not correctly handled the relations between the party Central Committee, localities, enterprises and workers but have only emphasized the consistency of their fundamental interests. We have not recognized or have disregarded the differences and contradictions in their interests, disregarded the characteristics of the localities and enterprises and the independence of enterprises under the guidance of state policies and plans. We have not recognized their partial economic interests and have disregarded the principle of distribution according to work and promoted egalitarianism. This has seriously affected the development of the initiative and enthusiasm of the localities, enterprises and employees.

Next, we do not realize that the economy of the socialist system of ownership by the whole people is still a commodity economy (we only realize that there is a "covering" for the commodity). There is unified allocation of the principal means of production and products and these do not go into circulation or into the market. We deny the role of regulation played by the law of value on socialist production and circulation. We only talk about the role of planning and neglect the role of the market. We only stress the directive nature of the plans but do not stress the scientific nature of planning. We do not realize that the role of socialist economic laws and the role of the law of value are interwoven under the conditions of socialist commodity production.

Finally, we do not realize that the development of the economy of socialist ownership by the whole people lies in its internal contradictions and the economic motivation. In the relations between the productive forces and the relations of production, and between the economic base and the superstructure, we one-sidedly stressed the negative role of production relations and the superstructure in the past. We did not attach importance to and even denied the decisive role of the productive forces and the economic foundation under socialist conditions. In the contradictions between production and demand, we did not attach importance to and even denied the need for giving impetus to production. We denied the role played by the law of value in regulating socialist commodity production and so on. In this way, socialist production lacks the internal economic motivation.

Because of these problems, we cannot develop the superiority of the economy of the system of ownership by the whole people. We should, therefore, accordingly reform the parts in the existing relations of the system of ownership by the whole people which do not conform to the development of the productive forces. This reform will involve the various aspects of social economic relations. Seen from the conditions of the system of ownership by the whole people, we should emphatically study the solution to problems in the several aspects below:

1. We have to solve the problems of integrating unity in the system of ownership by the whole people with the independence and self-reliance of the enterprise. On the one hand, we must strengthen the sense of unity and reinforce planning and improve leadership in planning. On the other hand, we must affirm the independence and self-reliance of enterprise management. The economy of the system of ownership by the whole people is an integrated body. This determines the necessity for unified planning and is also an important manifestation of the superiority of the economy of the ownership by the whole people. However, the economy of the system of the ownership by the whole people is comprised of many departments and enterprises. The enterprise is its basic-level unit. Each enterprise undertakes certain production or management activities according to the division of labor in society. In addition, at the present stage of development of the system of ownership by the whole people, there are differences in part of the economic interests although the fundamental interests in the various enterprises are the same. This calls for independence and autonomy in enterprise management. This is the prerequisite for developing the initiative and enthusiasm of the enterprise. At the present level of the productive forces and economic level, if there is only overall planning without independence and autonomy in the enterprise, it is not possible to consider the actual conditions and characteristics of the enterprise and adapt to local conditions. We may ignore and even deny the differences in economic interests between the enterprises and thus cannot bring into play the initiative and enthusiasm of the enterprise. On the contrary, if we depart from unified planning to talk about the independence and autonomy of the enterprise, spontaneity and tendencies of anarchism will emerge. Only through correctly handling the relations between the two--recognition of the independence and autonomy of the enterprise under the guidance of social (state) planning--can we better develop the superiority of the economy of the system of ownership by the whole people under socialism.

Under the conditions of the present level of the social productive forces in our country, the so-called independence and autonomy of the enterprise should take care of the factor of the actual conditions and characteristics of enterprise operation. In addition, they are determined by the three following points: First, the system of ownership by the whole people under socialism is incomplete and immature. Second, there are differences between the economic interests of the enterprise and employees. Third, enterprises determined by the two above items still retain the position of commodity producers. If we merely say that the enterprise is the "basic unit" in the system of ownership by the whole people, we cannot get across the need for the enterprise to attain the concept of "independence and autonomy" with the existing content. Independence and autonomy in enterprise operation includes the various aspects of production, distribution, exchange and consumption, such as what the enterprise should produce, the quantity produced, the increase or decrease and recruitment of employees, the purchase of raw materials and so on. Within the realm of planned guidance and policies and stipulations of the party Central Committee, the enterprises should have a certain autonomy. With this autonomy in operation, the enterprise can better develop its initiative and enthusiasm.

Independence and autonomy in enterprise operation are independence and autonomy under the unified policies and planned guidance of the state. In order to reinforce planning, we must reform the existing plans. Unrealistic and subjective plans are things which cause a great amount of waste and accumulation, curb the initiative of the enterprise and the employees and obstruct the development of production. The so-called reforms of plans are: first, plans must be scientific; second, with the exception of certain large-scale enterprises related to the fiscal administration and people's livelihood in a nation, it is necessary to change the directive nature of plans into a guidance nature. Third, it is necessary to change the method of organization from the upper to lower levels to the method of organization from the lower to upper levels and integrate the lower and upper levels.

2. It is necessary to learn to solve the problems of the relationship between the state power and the economic organization. Practice shows that it is necessary to gradually separate the organ of the state power from the structure of economic management, build up the necessary economic organizational system in the national economy and change from direct control of the economy by the state administrative organization to control of the economy by social economic organizations. This separation is determined by the different nature and characteristics of the state power and economic relations and is demanded by the laws of their own activities. This separation is a step and path of the transition from the system of ownership in socialist countries to a system of social ownership. As far as the system of social economic organization is concerned, the party Central Committee can set up the highest committee of the national economy, which is responsible to the national people's congress and its Standing Committee. General companies are set up under these committees according to the departments or trades--specialized or joint companies--enterprises, altogether there are four levels. The whole system implements economic accounting and controls the economy with economic methods. The various economic departments in the central government can effect the required amalgamation or adjustment according to demand and set up certain departmental committees, such as heavy industry (in view of the conditions of development, we can also set up comprehensive departments and committees for fuel, smelting and machinery), light industry, building industry, agriculture, communications and transportation industry, commerce, financial and economic development plans. They can carry out their economic functions as government organizations and exercise their leadership in implementing policies and in the necessary planned guidance of the various economic organizations. The state must chart the various economic policies and economic legislation so as to carry out the necessary guidance and supervision of the production and management activities in the economic organizations at various levels, guarantee the socialist orientation and coordinated development of national economic development and set up economic courts to settle economic disputes in accordance with the laws of the country.

3. We must learn how to solve the problem of the relations between democracy and centralization in the economic system. The economy of the system of ownership by the whole people must organize economic activities according to the principle of democratic centralization. It must guarantee its unity and at

the same time fully carry out democratic management. Centralization and democracy are required by large-scale socialized production as well as the economy of the system of ownership by the whole people under socialism. In the economic life in capitalist society, the various capitalists or capitalist cliques administer their own affairs without coordination with others. The workers are separated from the means of production. Therefore, it is not possible to have centralized guidance over the entire social production or democratic management of the production workers. Under the socialist conditions, the system of ownership by the whole people of the means of production makes the integration of centralized guidance with democratic management in the entire social economic life possible. If we do not fully carry out democratic management, we cannot fully develop the spirit of making employees masters of their own house. This means that the producers have not really been directly integrated with the means of production. In the implementation of democratic management, we must gradually change the system whereby the state appoints the leading cadres of the enterprises and the upper levels direct the economic activities of the enterprise. We must let the enterprises set up staff and workers' congress or staff and workers' representative committees, to turn the staff and workers' congresses into the authoritative organs in the enterprises. The production policy, development plans and annual plans of the enterprise would be adopted through its discussions and it would examine the budget and final accounts of the enterprise. It would select the leading cadres and management committee of the enterprise for approval by the upper levels and so on. In sum, the staff and workers' congress and its management committee would exercise power in the various aspects of production, allocation, exchange and consumption under the guidance of state policies and plans.

4. We must learn how to solve the problems of doing things according to objective demands in the process of the development of a socialist commodity economy, production relations must conform to the law of the nature of the productive forces, economic laws which are unique to socialism and the law of value which acts upon commodity production. These must supplement one another, be integrated together and play a role. These are the characteristics of the economic movement of socialist commodities. Economic reform must study and recognize these conditions and characteristics so as to create the necessary conditions for doing things according to these characteristics and demands. For example, in developing the national economy, we do not only stipulate the tasks according to the demands of the basic socialist economic laws but must at the same time make rational arrangements as demanded by the law of value. There must be division of labor and cooperation between the various departments, regions and enterprises. Meanwhile, they must, under planned guidance, carry out the essential competition between the relevant departments, regions and enterprises so as to better promote the development of the socialist economy.

Through these reforms, the relations in the socialist system of ownership by the whole people will be accordingly readjusted and perfected and these will be better adapted to the conditions of the productive forces and the demands for development. This will give impetus to the rapid overall forward development of socialist production.

It should be pointed out that the reform of the economy of the socialist system of ownership by the whole people is not "once and for all." Its development definitely does not stop here. Following further development of the social productive forces and further reform of the economic remnants of the old society, the relations of the socialist system of ownership by the whole people will be further developed and improved. Consequently, it is of far-reaching significance to our economic reforms and our understanding and mastery of the laws of the economic development of the socialist system of ownership by the whole people if we take the history of the economic development of the system of ownership by the whole people as the background and basis to further theoretically investigate into the trends and stages of its development.

Generally speaking, the system of socialist ownership by the whole people portends the direct integration of the means of production with the combined workers of the entire society (country). However, the system of ownership by the whole people itself undergoes a process of development and improvement which is the development from incomplete to complete ownership by the whole people. Therefore, the integration of the means of production with the combined labor of the whole society also undergoes a process of development from the lower level to the upper levels (which is the development from incomplete direct integration to complete direct integration). The so-called incomplete system of ownership by the whole people first means that society does not yet possess all the means of production. That is, there are two forms of public ownership under socialism. Part of the individual economy and its remnants may still exist. Next, in the economy of the system of ownership by the whole people, there are still differences in some of the interests of the various regions and enterprises although their basic interests are the same. It is thus still necessary to uphold the principle of exchange at equal value. Next, there is also a dual nature in the means of production and products belonging to the system of ownership by the whole people: namely the nature of commodities and products. Finally, it still adopts the form of state ownership. The development from the incomplete system of ownership by the whole people to the complete, unitary system of ownership by the whole people requires a long historical process of development. There must be a high degree of modernization of industry, agriculture and scientific techniques.

Since the socialist system of ownership by the whole people requires a process of development, some comrades basically negate the existence of the system of ownership by the whole people. They allege that "the system of ownership by the whole people is unitary. What is not unitary cannot be called the system of ownership by the whole people." (Li Yunfu: "On the Question of the System of State Ownership in Our Country," XUESHU YUEKAN [ACADEMIC MONTHLY], No 10, p 44, 1979) I do not agree to this viewpoint. What is the meaning of the so-called "system of ownership by the whole people?" What does the so-called "unitary" and "nonunitary" refer to? There appears to be no inevitable, internal and fundamental ties between them. The socialist system of ownership by the whole people refers to the nature and basic economic interests of such property relations or the attributes of such ownership relations, and is not determined by any external factors or the quantitative

relations. The nature of enterprises belonging to the system of ownership by the whole people is not determined by the scale of operation of the plants or the number of plants. Therefore, we should not take the quantitative relations of "unitary" or "nonunitary" as the criterion for judging the nature of the system of ownership by the whole people.

In judging whether there is a high or low level of public ownership of a means of production and whether it is a system of ownership by the whole people or collective ownership, we have to see in what realm the means of production is integrated with joint labor. Are they integrated in the entire society or in a certain collective? The former belongs to the system of ownership by the whole people and the latter to the system of collective ownership. What is the system of ownership by society (the whole people) and what is integration in the entire society? Engels gave this reply. He said, capitalist "system of private ownership is closely linked with individual management and competition in industry. Consequently, the system of private ownership must be abolished and replaced by the so-called common ownership of property, which is the common use of all production tools and the distribution of products according to a common agreement." The society "will basically deprive the individuals who compete with one another of all their management powers over all industrial and production departments. All production departments will be managed by the whole society. This also means management for the benefit of the public interest with the participation of all members in the society in accordance with the overall plans." ("Selected Works of Marx and Engels," "Principles of Communism," Vol 1 p 217) The "common ownership of property" mentioned by Engels certainly refers to ownership by the whole people under socialist conditions. The so-called "management by the entire society" is not the running of the whole show by a certain "omnipotent" social center without the actual links such as the enterprises (this can never be done). It refers to "management for the benefit of the public interest with the participation of all members in the society in accordance with the overall plans." Engels here referred to the question of the ownership and management of all production departments by the entire society. Its spirit and principle are entirely applicable to the existing system of ownership by the whole people in our country. We only have to pay attention to the stage of historical development and characteristics of the existing system of ownership by the whole people. Although the means of production and employees in the existing system of ownership by the whole people are dispersed throughout the various enterprises. Generally speaking, they serve the common interests of the entire society (there are also individual interests at the present stage). They are managed according to the general plans of the society (country). This means that the various departments and enterprises under the ownership of the whole people are integrated together through the overall plans of the society (country) and are embodied in the relations of division of labor and cooperation in the entire society. Such are the stipulations concerning the nature of the socialist system of ownership by the whole people. This is the meaning of the integration of the means of production and joint labor within the realm of the whole society. Thus we cannot say that the "system of ownership by the whole people is unitary. What is not unitary cannot be called the system of ownership by the whole people."

In order to negate the socialist system of ownership by the whole people, some comrades said, "Marx and Lenin did not use the concept of the 'system of ownership by the whole people,'" (Li Zongmao: "The System of Ownership of State-run Enterprises Should Be Changed" in JIANGNAN FORUM, No 4, 1979) Although Marx and Engels had not directly used this concept, they had made similar assertions. There is no basis for saying that Lenin had not used the concept of the "system of ownership by the whole people." Lenin clearly pointed out, "The system of land ownership should become the /system of ownership by the whole people/ [slantlines denote boldface type] and this system of ownership should be ascertained by a nationwide political organ." He also said, "When you set up the system of free labor on free land, there is no system of ownership by the landlord nor any system of ownership of private land, there is only the /system of ownership by the whole people/ [slantline denotes boldface type]..." ("Collected Works of Lenin," "The First All-Russia Peasant Congress," Vol 24, p 454, 456. Emphasis was added by the writer of this article.) Lenin had also expressed the opinion such as wiping out the capitalists' "private property and giving it to the working people in the whole country." It can be seen that it is untenable to use Marx, Engels and Lenin to negate the economic realm of the "system of ownership by the whole people" and the existing economy of the system of ownership by the whole people in our country.

The socialist system of ownership by the whole people undergoes a process of birth, development and transformation to a higher form. Following the historical development of socialism, it will go through various stages of development. Following the development of the social productive forces and reform of the old remnants in the society, the economy of the system of ownership by the whole people will be improved and become mature with each stage. In the transitional period from capitalism to socialism, this is the stage of the formation of the socialist system of ownership by the whole people. At this stage of development, since there are various economic elements of a socialist economy, capitalist economy and individual economy, there are accordingly the working class, bourgeoisie and petite bourgeoisie. Therefore, the socialist system of ownership by the whole people is in the form of the system of state ownership. The government represents all the working people and undertakes the work of economic management. This objective inevitably is determined by the requirements of the formation and development of the socialist system of ownership by the whole people. It is determined by the need to guide and transform nonsocialist economic elements and the need to defend the system of ownership by the whole people from infringement. Since it is an economy of the system of ownership by the whole people, the society requires a centre for guidance and management. In the transitional period, no authorities can shoulder this task except countries with the dictatorship of the proletariat which can give out guidance and management on behalf of the whole society. The government has become the center of guidance. This is the basic characteristic of the socialist system of ownership by the whole people in the transitional period.

After the basic completion of socialist industrialization and the socialist transformation of the system of ownership of the means of production, society enters the stage of an undeveloped socialist society. This is the stage of

economic consolidation (including the accumulation of experience) and development of the economy of the socialist system of public ownership. At this stage of development, there are various forms of the system of socialist public ownership. There is still the economy of a semisocialist nature and the individual economy. There are basic changes in the structure of classes in the society. The exploiting classes in the country have been basically wiped out. Workers, peasants and intellectuals have become the principal members of the society. According to the social economy and political conditions at this stage, the socialist system of ownership by the whole people must still adopt the form of the system of state ownership, but the political organizations of the country and the organization of economic management should be gradually separated. The guiding center of the social economy will gradually be separated. The guiding center of the social economy will gradually turn from the reins of government to the leading organizations of the social economy. This is required by the development of the social productive forces and the development of the economy of the system of ownership by the whole people. Following the establishment and growth of the socialist system of ownership by the whole people, it is not only necessary but also possible to replace the administrative organizations by economic organizations in the management of the economy. It is necessary because the law of the economic movement of the socialist system of ownership by the whole people which is based on large-scale socialized production and the laws of the activities of the reins of government have their respective characteristics. After the fulfillment of the basic tasks in the period of transition and after the focus has shifted to the stage of development of socialist economic construction, the direct leadership and control of all the activities of the system of ownership by the whole people by the reins of government obviously cannot meet the requirements of this economic development. This will easily engender such shortcomings as subjectivism, bureaucracy, authoritarianism and blind commands, and will thus obstruct the rapid development of the entire economy. This condition has already been proved by the practice of various socialist countries. It is possible because on the one hand, the tasks of struggling against and reforming capitalism and the individual economy have been basically completed, and on the other hand, after the development and practice in the period of transition, the proletariat has initially accumulated the experience of managing the socialist economy and nurtured and trained a group talented in the management of the economy. Following the popularization and improvement of the cultural and scientific technological level of the masses of workers, they can exercise their rights as masters of their own house in a better way. There is also a process of development from direct state leadership and management of the economy to management of the economy by social economic organizations. The transition from capitalism to socialism and the consolidation and development of the socialism system of ownership by the whole people have gradually prepared conditions for such changes.

Following the development of socialism from an undeveloped stage to a developed stage, the socialist system of ownership by the whole people will attain its maturity. This is the model conjured in the minds of Marx and Engels. Society now owns all the means of production instead of some of the means of production. (This means that the various forms of the system of socialist

public ownership have already become a unitary form.) Personal consumer goods are still distributed according to work but the differences in material interests which formerly existed in the various localities and enterprises will gradually be wiped out. Commodity relations and monetary relations will gradually disappear. (This condition may be more developed than the one imagined by Marx and Engels.) The system of ownership by the whole people will no longer adopt the form of the system of state ownership. The guiding center of the social economy will no longer be controlled by perishing countries, "but by the society itself represented by a central leading economic organization." (Stalin: "The Question of Socialist Economy in Russian," People's Publishing House, 1961 Edition, p 67)

There is a viewpoint which completely equates the socialist system of ownership by the whole people and the socialist system of state ownership. It asserts that "the socialist system of ownership by the whole people can only be expressed in the form of the socialist system of state ownership." (Jiang Xuemo: "On the Nature and Form of the Socialist System of Ownership by the Whole People in Our Country," XUESHU YUEKAN [ACADEMIC MONTHLY], No 10, 1979) It is certainly correct to say that the socialist system of ownership by the whole people will inevitably adopt the form of the system of state ownership at a certain stage of development but it is questionable to regard the socialist system of state ownership as the only form of manifestation of the socialist system of ownership by the whole people. As mentioned above, following the development of the social productive forces, the socialist system of ownership by the whole people must go through a process of development from incompleteness to completeness. On the contrary, a country with the dictatorship of the proletariat undergoes a process of gradual destruction at the time (or in the course) of accomplishing its historical tasks. The theories of Marx and Engels on scientific socialism assert that after classes have been abolished and the country has truly become the representative of the entire society, it will wither away by itself. At the developed socialist state, it is no longer an objective inevitability for the socialist system of ownership by the whole people to adopt the form of the system of state ownership. Naturally, it will not continue to adopt the form of the system of state ownership. Comrade Jiang Xuemo regarded this condition as an event of entering the higher stage of communism and said that "the communist system of ownership by the whole people can only completely rid itself of the form of the system of state ownership in the higher stage of communist society after the country has completely perished." (Jiang Xuemo: "On the Nature and Form of the Socialist System of Ownership by the Whole People in Our Country," in XUESHU YUEKAN [ACADEMIC MONTHLY], No 10, 1979) I think that this is not theoretically sound. Although he had quoted Marx and Engels as a basis, this is not what they originally meant. In criticizing the viewpoint which equated the socialist system of state ownership with the system of ownership by the whole people, Stalin pointed out, "The state will perish while society will remain. Therefore, the heir to the property of the whole people will no longer be the state on the verge of destruction but society itself which is the representative of the central leading economic organization." (Stalin: "The Question of Socialist Economy in Russia," People's Publishing House, 1961 Edition, p 67) It can thus be seen that the socialist system of ownership

by the whole people will not invariably adopt the form of the system of state ownership at all times throughout the entire process of its development and there are no grounds for saying that the system of state ownership is the only form of manifestation of the socialist system of ownership by the whole people.

Summing up the above, there is a long historical process of development of the system of socialist ownership by the whole people from incompleteness and immaturity to completeness and maturity. We should not think that once it is formed, it is perfect without any defects and that it cannot change any more. We should not deny its nature as the system of ownership by the whole people because of its incompleteness and immaturity at the stage of its formation and development. The relation of the socialist system of public ownership is a brand new relation of ownership system and naturally needs a process of construction and growth. In revealing and grasping the laws of its movement, people also need to go through a process of constant exploration (accumulating experience) and comparison. The assertion that the socialist system of ownership by the whole people is complete and mature at birth is only metaphysics and an illusion in law. (The manuscript was finished in November 1980)

CSO: 4006/302

ECONOMIC PLANNING

BRIEFS

ANHUI FINANCIAL CONFERENCE--The Anhui Provincial People's Government held the provincial conference on cultural and educational administration and finance in Hefei on 17 April. The conference insisted that capital construction should be curtailed, production promoted, expenditure reduced, budgets balanced, commodity prices stabilized and market stimulated and that efforts should be made to improve management and promote cultural and educational undertakings. Vice Provincial Governor Wei Xinyi presided over and addressed the meeting. [Hefei Anhui Provincial Service in Mandarin 1100 GMT 17 Apr 81 OW]

FUJIAN'S XIAMEN SPECIAL ZONE--The Xiamen Municipal People's Government and the administrative committee for the Xiamen special zone in Fujian Province held a forum for alumni of Xiamen University who had come from Hong Kong, Macao and foreign countries to attend the celebrations of the university's 60th anniversary. At the forum (Lu Zifen), first secretary of the Xiamen Municipal CCP Committee and vice chairman of the administrative committee for the Xiamen special zone, gave a briefing on the construction of the special zone. Xiang Nan, permanent secretary of the Fujian Provincial CCP Committee, also spoke at the forum. Also present at the forum were Wu Hongxiang, secretary of the Fujian Provincial CCP Committee; Zhang Gexin, vice governor of the province; and responsible persons of the departments concerned under the Xiamen Municipal People's Government, the Standing Committee of the municipal people's congress and the municipal CPPCC committee. [OW101405 Fuzhou Fujian Provincial Service in Mandarin 1035 GMT 6 Apr 81 OW]

TELEVISION TECHNOLOGY TRANSFER--Beijing, 25 Apr (XINHUA)--The television set manufacturing enterprises throughout the country are ready to adopt a system of selling new technology. The Interfactory Competition Committee of television enterprises recently sent out a score of technicians to investigate 20 major TV plants to determine which new techniques should be sold to needed factories. This system was decided on by the committee in March this year. It stipulated that new techniques to be sold must be advanced and worthy of popularization. They include new designs and major revisions; new technical processes; new materials; newly developed nonstandard instruments, meters and equipment; and innovations that improve product quality and reduce cost. The prices and method of payment are to be negotiated between concerned parties, and disputes will be mediated and ruled on by the Interfactory Competition Committee and the higher-level department in charge of the enterprises. [Beijing XINHUA Domestic Service in Chinese 0703 GMT 25 Apr 81]

FINANCE AND BANKING

BRIEFS

ANHUI FINANCIAL WORK CONFERENCE--A provincial conference on financial work of enterprises was held recently in Hefei, Anhui. The conference called for increasing revenue and reducing expenditure and for improving financial management. Regarding the latter, the conference proposed four measures: 1) strengthen cost control and increase profit; 2) adjust financial subsidies, strengthen financial supervision and strictly enforce financial discipline; 3) take a warehouse inventory, use overstocked materials and properly control the use of circulating funds, and 4) gradually improve the profit-retention system being practiced by the enterprises. [Hefei Anhui Provincial Service in Mandarin 1100 GMT 8 Apr 81 OW]

ANHUI FINANCE MEETING--The Anhui provincial conference on financial work in cultural and education units ended 23 April after 7 days in session. The meeting called on various cultural and education units to formulate sound financial plans and practice economy in administrative expenses. Vice Provincial Governor Wei Xinyi attended the meeting. Responsible comrades of the provincial finance department spoke on current financial work and financial management in cultural and education units. [Hefei Anhui Provincial Service in Mandarin 1100 GMT 24 Apr 81 OW]

FUJIAN TREASURY BONDS--By the end of April, government and departments at all levels in Fujian Province had purchased 85.44 million yuan of treasury bonds, overfulfilling the quota by more than 400,000 yuan. The provincial forestry department has purchased 810,000 yuan. The (Dongsheng) fishing brigade in Lianjiang County has bought 10,000 yuan. [OWO60545 Fuzhou Fujian Provincial Service in Mandarin 1035 GMT 5 May 81 OW]

SHANDONG INDUST L LOANS--The People's Banks in Shandong Province granted more than 300 million yuan of medium and short-term loans to support light and textile industries to tap potential and to produce products that were in short supplies in 1980. Of the 1,800 projects supported, half had been put into production to increase for the state profits and taxes totaling 100 million yuan. About 90 percent of the loans granted by the People's Banks in 1980 were used to develop light and textile industries and about 800 projects were put into production within a year. The output value of these new projects accounted for 20 percent of the increase in the provincial light and textile industrial output value for 1980. A loan of

11.9 million yuan was granted to support bicycle, wristwatch and sewing machine plants to buy new equipment to raise their annual capacity of producing 160,000 bicycles, 110,000 wristwatches and 30,000 sewing machines. Another special loan of 88 million yuan was granted to help complete some 110 projects that were suspended because of shortage of funds. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 26 Apr 81 SK]

JIANGSU FINANCE WORK--The province's finance departments have scored substantial results in eliminating deficits and balancing financial revenue and expenditure, thanks to curtailment of nonproductive expenditures and increased funding for light and textile industries to boost production. A provincial conference for directors of finance bureaus was held in Nanjing 24-30 April. The conference decided to eliminate deficits by rational funding to boost production and by restructuring the enterprises in order to increase revenue. [Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 30 Apr 81 OW]

ZHEJIANG CITY CURRENCY CIRCULATION--In the first quarter this year, the Hangzhou branch of the People's Bank of China registered a 31.6-percent gain from the same period last year in the amount of currency withdrawn from circulation. For the quarter, the branch withdrew more currency from than it put into circulation. This was due to the efforts of the industry departments to increase their production of daily articles and household items and the commercial departments to procure more commodities for sale on the market. The amount of cash paid by the citizens of Hangzhou City for retailed commodities topped the same period last year by 16.5 percent. Also, the amount of bank savings continued a sharp increase. By the end of March, the balance of urban bank deposits had climbed another 21 million yuan from the end of last year and the first quarter's deposits showed a 18.2-percent increase from the same period last year. In the rural areas, the balance of bank deposits increased 18 million yuan for the quarter and the total deposit went up 39 percent as compared to the same quarter last year. [Hangzhou Zhejiang Provincial Service in Mandarin 0400 GMT 15 Apr 81 OW]

CNO: 4006/298

ENERGY

XIZANG STUDIES USE OF SOLAR ENERGY TO SOLVE FUEL PROBLEMS

Beijing RENMIN RIBAO in Chinese 21 Mar 81 p 2

[Article prepared by the Solar Energy Institute of the Committee on Science, the Xizang Autonomous Region, and the Production Research Laboratory of the Bureau of Farm Machinery, the Xizang Autonomous Region]

[Text] Solar energy is a widely distributed, inexhaustible and nonpolluting source of energy which does not require transmission. The development of solar energy has drawn a great deal of attention both in China and abroad and its development in Xizang is especially worth noting.

Xizang, "the roof of the world," which stands at an average of over 4,000 meters above the sea level is a region of the most plentiful solar energy resources in the whole country. The air in Xizang is thin, clean and dry with very few cloudy or rainy days and its low latitude provides longer exposure to sunlight and stronger solar radiation. All these factors favor extensive utilization of solar energy.

Lacking coal and petroleum, Xizang depends on coal and fuel oil shipped from the inland at high cost. Its major water resources are in the high valleys and gorges in the eastern part of the region and not yet tapped. Although geothermal energy has been discovered and studied in many localities, regional restrictions make it inaccessible to the masses.

At present the Zang nationality masses and workers have to rely on firewood, weeds, cow dung and stalks for fuel. To solve the problem of fuel shortage in the villages, it is necessary to build fuel forests, develop small rural hydroelectric power plants and try out fuel-saving stoves. The most important measure, however, is to promote the utilization of solar energy.

Since 1979, the solar energy institute established by the Committee on Science and the research laboratory of the Bureau of Farm Machinery of the autonomous region have been working on the utilization of solar energy. They have developed a portable water heater with 1 square meter exposure surface which, according to tests, could heat to the boiling point 10 lbs of water in 40 minutes. A solar energy oven with 2 square meters of exposure surface could bake 5 jin of flat barley cakes in 1 hour, and the temperature in the oven during January at Lhasa is 240°C. The water temperature between 1100-1600 hours at the top spout of a flat water heater

containing 28 jin of water, according to a test in February, was 85°C while that at its bottom spout was about 60°C. According to repeated tests, a water boiler with 2.1 square meters of exposure surface could bring the 6 kg of water it contains to a boiling point in 27 minutes at noon on a sunny winter day. They have developed a radiation seed processor with 1.68 square meters of exposure surface powered by a 0.6 kilowatt generator and focused at 15 multiples for a rotating speed of 102 RPM. The machine was used twice in 1980 to process barley seeds by solar radiation.

The main thrust of the tests and studies of the use of solar energy in Xizang will be confined to resolving the problem of fuel shortage facing the masses of peasants, herdsmen and city residents. This includes, among other things, the development of small, convenient, energy-efficient and inexpensive solar energy water boilers (capable of boiling water for making tea) to meet the need of the Zang nationality compatriots who love baked barley cakes and buttered tea; the design of solar energy stoves good for steaming, boiling, baking and sauteeing which the local people love; the importation or manufacture of different types of water heaters to improve and change the life style of the peasants, herdsmen and city residents; and the promotion of small solar power generators and electrified cattle sheds for border areas and mountain top sentry posts. Beside, we also plan to import or build solar houses and large mechanized greenhouses to meet the special needs of Xizang.

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CSO: 4006/269

ENERGY

BRIEFS

COAL PRODUCTION--Beijing, April 1 (XINHUA)--China's major coal mines produced 78.27 million tons of coal in the first three months of this year, 102,000 tons above the set quota, the Chinese Ministry of Coal Industry said here today. The January-March tunnelling footage at these mines totalled 182,900 meters, 17,440 meters more than the planned figure, the ministry said. Output of dressed coal reached 11.5 million tons, 450,000 tons above quota. Shanxi Province in North China, the country's leading coal producer, cut 26.48 million tons of coal in the first quarter of the year, a 2.76 percent increase over the figure for the same 1980 period, the ministry added. Coal Industry Minister Gao Yangwen said early last month that China's coal production target for this year had been set at 600 million tons. [Text] [OW061110 Beijing XINHUA in English 1245 GMT 1 Apr 81 OW]

GUANGXI POWER STATION OPERATION--Nanning, 28 Apr (XINHUA)--The Guangxi Zhuang Autonomous Region in southern China today completed the first step toward building a mammoth hydroelectric network as a generating unit capable of producing 328 million kilowatt hours of electricity annually was switched into the regional power supply system. The network will consist of eight power stations built on the turbulent Hongshui River, a branch of the Pearl River system embracing southern and southwestern provinces including Guangxi, Guizhou and Guangdong. These stations are expected to produce anywhere between 50 and 60 billion kilowatt hours of electricity a year. With a designed capacity of 60,000 kilowatts, the unit that went into operation today is part of the Ertan power station, 1 of the 8, now still under construction. The station has a designed capacity of 560,000 kilowatts. Construction of two other stations is also in full swing. [Text] [OW290053 Beijing XINHUA in English 1201 GMT 28 Apr 81 OW]

SICHUAN SMALL POWER STATIONS--Chengdu, 12 Apr (XINHUA)--A hydroelectric power station with a capacity of 5,000 kilowatts, one of the largest in Sichuan Province's 2,200-year-old Dujiangyan irrigation network, has gone into partial operation. Located near the head of the network, northwest of Chengdu, the Shahe River hydroelectric power station gets enough water flow to generate electricity 10 months a year. An official of the administrative office of the irrigation network said that there were 800 such power projects in the network with a total capacity of 70,000 kilowatts. The smallest has a capacity of 50 kilowatts. The electricity is used for lighting and for industries run by communes and production brigades. In the rainy season, the surplus is transmitted to the state power grid. The Dujiangyan irrigation network now irrigates 533,000 hectares of land as against 133,000 hectares in the early years of liberation. Reservoirs of the network are used for breeding fish. [Text] [OW141153 Beijing XINHUA in English 1216 GMT 12 Apr 81 OW]

COAL PRODUCTION GOALS EXCEEDED--On March 30, the Shanxi Province overfulfilled the 1st quarter coal production and tunnel footage goals for this year. According to statistical data kept by the appropriate authorities, Shanxi has produced since the beginning of 1981 over 26.48 million tons of raw coal and scored 16.4 thousand meters of tunneling, both exceeding the goals set by the state. The raw coal produced is 3.76 percent over that of the same period a year ago. The production of cleaned coal and anthracite has also surpassed the set goals. After readjustment and reorganization, the local coal mines with improved mining conditions have also overfulfilled the 1st quarter quota of raw coal production. [Text] Beijing RENMIN RIBAO in Chinese 1 Apr 81 p 1] 5360

HEILONGJIANG OVERFULFILLED GOALS--The consolidated coal mines of Heilongjiang have achieved the 1st quarter raw coal production and tunnel footage goals respectively 4 days and 21 days ahead of schedule. They exceeded the goals by 400,000 tons, the leader in the whole country. Heilongjiang, one of the major coal mining centers of our country, has been overfulfilling the coal production goals for 6 consecutive years. The daily coal output of the province for the 1st quarter of 1981 is up by 5 percent over that of the 4th quarter of 1980. [Text] [Beijing RENMIN RIBAO in Chinese 1 Apr 81 p 1] 5360

CSO: 4006/269

MINERAL RESOURCES

BRIEFS

YUNNAN GOLD DEPOSIT--Kunming, April 19 (XINHUA)--A large gold deposit has been found in the southern mountainous area of Yunnan Province, southwest China. The deposit has rich gold reserves and is near the surface. Part of it is suitable for opencast mining. The deposit also contains nickel, silver, sulphur and cobalt. [Text] [Beijing XINHUA in English 0701 GMT 19 Apr 81 OW]

CSO: 4020/187

INDUSTRY

'JINGJI YANJIU' REPORTS ON NANJING RADIO COMPANY

HK301030 Beijing JINGJI YANJIU [ECONOMIC RESEARCH] in Chinese No 2, 28 Feb 81
pp 60-67

[Investigation report by Zhou Muchang [0719 1970 2490], Wang Kuozi [3076 0948 2737] of the No 4 Engineering Industrial Department, and Zhu Tieshen [2612 6993 5271], Dong Yusheng [5516 3768 2573] of the Economics Research Office of the China Institute of Social Sciences: "Firmly Take the Road of Joint Development"--slantlines denote boldface]

[Text] The China Nanjing Radio Company was established on 12 July 1980. It is a company set up jointly by various enterprises including the Nanjing Radio Factory which is affiliated to the central level and of 37 factories which are affiliated to the Nanjing Electric Instrument and Meter Bureau. It includes not only national and local enterprises, but also enterprises of the ownership by the whole people and of the ownership by the collective; they produce a wide range of products, which include not only complete sets of products as communication equipment, television sets, surveying instruments and radar, but also basic products as electronic components, semiconductor devices and electronic materials; it is a joint diversified economic entity which combines together scientific research, production, marketing and technical services. The company now has 30,000 staff members and workers, among which the number of technicians is 1,800 persons; its total fixed assets are 123 million yuan, and its circulating funds amount to 110 million yuan. The company has drawn the attention of various levels since its establishment, and it has moved a step forward on the road of joint development within these 5 months. Recently, we made a preliminary investigation on the organizing process and joint management of the company and on how to run well such a company.

/I. The Building of This Company Is the Result of the Objective Demands of Economic Development and Is the Result of the Inevitable Trend of Large-scale Production of Socialization/

Jiangsu Province is one of the important bases of China's electronic industry, while Nanjing Municipality is the center of this base. In this province, there are 13 factories, research institutes and material stations which are affiliated with the No 4 Engineering Industrial Department, while 12 such factories, research institutes and material stations are to be found in

In Nanjing Municipality, There are 360 major local electronic enterprises and undertakings in the whole of Jiangsu Province, while 48 are to be found in Nanjing Municipality. There are nearly 12,000 electronic scientific and technical workers in the whole province with 30 percent of them being concentrated in Nanjing Municipality. Institutes of higher learning which have faculties teaching electronics are practically situated in Nanjing Municipality. Nanjing has a solid foundation in the electronic industry and has the favorable conditions for its development. In addition, the socialization of production has been greatly enhanced in these recent years. The production of many components, devices, parts and modules is being gradually separated from that of the "comprehensive" factories. Many specialized state-run factories have been built successively in the localities. Factories of the collective ownership have also been developed on a large extent. So, the electronic industry in the Nanjing area is all-encompassing insofar as the structure of production and the structure of products are concerned. In the division of labor and in cooperation, there objectively exist close and internal economic relations between national and local enterprises, and between enterprises of the ownership by the whole people and those of the ownership by the collective.

However, the internal economic relations between national enterprises and local industrial complexes and between the electronic industrial enterprises of the Nanjing area itself have been artificially separated by regulations, because China has for many years exercised a high degree of centralization in its economic management. Military production is separated from the production of civil products. In addition, national enterprises, which are strong because of their technology and funding, basically only produce limited quantities of military goods. Their production capacity cannot be brought into full play. While local enterprises, which are rather weak in technology and funding, are responsible for the production of large quantities of civil goods, their development is greatly restricted. This not only hinders the further development of the division of labor and cooperation within society so that the potentials in the existing social division of labor cannot be brought into play, but also causes duplication and waste. A change has begun to take place between the relations of production and circulation and between the relations of production and consumption, since the implementation of the principle of readjusting, restructuring, consolidating and improving, and particularly since the party Central Committee put forth the principle of "bringing into play our superiority, protecting competition and pushing ahead joint development" and implemented the policy of "combining regulation by planning mechanism with regulation by market mechanism." In the past, industrial production departments determined the marketing needs according to production. Commercial and material departments exercised monopoly for the purchase and marketing of industrial products. The industrial enterprises and consumers could only receive what was distributed and buy what was supplied. Now the situation in which the commercial and material departments monopolized the purchase and marketing of industrial products is being changed, due to the expansion of the enterprises' decision-making power and due to the unfolding of competition. At present, the commercial departments choose to purchase quality products produced by industrial enterprises, whether or not these purchases are within the plan. The consumers

will "repeatedly compare" the commodities they need, and when purchasing, they show great interest in new styles and in good and cheap products. Under these circumstances, the various enterprises in electronic trade in Nanjing is becoming more and more aware of the external pressure, and are becoming more and more aware that they must break away from the binds of old conventions as soon as possible to continue to exist and develop in competition. They must unite on the basis of the already existing internal economic relations so as to bring each advantage into play, enhance the comprehensive economic results, strengthen their competitive capability, promote the rapid development of the electronic industry, and catch up with and surpass the advanced levels at home and abroad. Therefore, taking the road of joint development is the result of the inevitable trend of the development of large-scale production of socialization. It is also the common wish and urgent demand of the various enterprises in Nanjing's electronic trade.

There are two favorable conditions which lead to the founding of the China Nanjing Radio Company: 1) leaders from the No 4 Engineering Industrial Department and from the provincial and municipal levels enthusiastically initiated the forming of the company set up jointly by the enterprises. They actively support and are personally concerned about this company. Before the company was established, the departmental, provincial and municipal authorities jointly organized forces to conduct a penetrating investigation and study, and it took half a year to make the necessary preparations. They studied the plans, worked out the regulations, repeatedly held discussions and finally reached a decision. They laid an excellent foundation in forming and establishing the company. After the establishment of the company, the leaders from the three levels actively led the staff members and workers in their work, helped solve problems as they arose, explored the methods of economic management and the various economic activities, and constantly created favorable conditions for developing the company. 2) Most of the enterprises that take part in this joint development objectively not only have close internal economic relations, but also historical origins. Many local electronic factories in the Nanjing area were either originally part of the factories affiliated to the central level according to the principle of specialization in production, or developed with the support and help of the factories affiliated to the central level. The Nanjing Radio Factory alone has successively helped build 26 local factories. In addition, many factories of the collective ownership have been built in the form of "the whole people taking part in the collective." Therefore, there are countless relations between these factories, be it in the production of complete sets of products, in technical cooperation or in organizational affiliation. What is more, local enterprises have begun to carry out partial readjustment and reform, which will create very favorable conditions for joint developments.

To sum up, the founding of the China Nanjing Radio Factory has not only the objective inevitability of economic development, but also practical feasibility. This is not the product of some persons' subjective will, but the result of doing things according to economic laws.

/II. The Advantages of Having Joint Enterprises and the Problems That are Encountered/

Since the founding of the company, the advantages of joining together have initially been seen. The advantages are:

1. Sources of scattered factories have been organized to develop production and coordination among specialized units. New production capacity is beginning to form.

The company was established not long ago. Coordination of production and readjustment of work are still in progress. But initial results in the development of production can already be seen. An example is the "Panda" brand small radio sets of the B737-type newly designed by the Nanjing Radio Factory. These products enjoy good sales, and are well received by customers. The factory had a wide range of products, but its production capacity was restricted, so only 20,000 small radio sets were produced in the year after the design had been finalized. There were large production potentials in the radio factories affiliated to the company, but the technical force was not sufficient, so for some time it was difficult for them to trial-produce new products. The company then organized the radio factories in Nanjing to help the Hongqi Radio Factory produce the B737-type. It took only 2 months to have sufficient production capacity. Within only 4 months, more than 60,000 sets of the B737-type small radio were produced. The number of goods suitable for marketing was increased. The increase in the production of complete sets of radios brought about an increase in the production of electronic components factory which produced potentiometers, and the No. 10 Electronic Components Factory, which did not have enough production tasks, were combined. On this basis, seven factories and units were organized along the lines of peripheral cooperation. Electronic parts were produced according to the principle of specialization so that the No. 3 Electronics Components Factory was able to arrange its labor force to enlarge its general manufacturing capacity, and good results were achieved. In 1978, the factory produced 1.94 million potentiometers; on the average, each person produced 4,800 potentiometers. In 1980, it produced 10.62 million potentiometers; on the average, each person produced 9,000 potentiometers. The company has overfulfilled the plans every month since its founding. Up to the end of 1980, 116.8 percent of the whole year's plan for total industrial output value was fulfilled, 9.4 percent higher than the previous year; 122 percent of the plan for the production of radio sets was fulfilled, 81 percent higher than the previous year; and 140 percent of the whole year's plan for the production of TV sets was fulfilled, 149 percent higher than the previous year. Sales volume amounted to 750 million yuan, a 17.4 percent increase over the previous year. Realized profits amounted to 18.97 million yuan. A total of 180 percent of the whole year's plan was fulfilled. It was a rise of 18.1 percent over the previous year.

2. The enterprises have broken away from the binds of old conventions, and have strengthened their links. This is beneficial to allowing the superiority of each to be brought into play.

Since the integration of the company's enterprises, they have broken away from the binds of the original conventions. And they have strengthened their links for the purpose of promoting competition and production. The Nanjing Radio Factory, which is affiliated to the central level, originally had historical, internal economic relations with local factories. But they had been separated for a certain period of time. After the integration, conditions began to change gradually. Now the Nanjing Radio Factory has begun to transfer or expand its technical achievements and production to the relevant factories. It is also considering cooperation with magnetic material factories and with the No 7 Electronic Components [words indistinct] them with their radio factory with more and more complete sets of electronic components and devices, under the prerequisite of guaranteeing the quality of the products. In 1980, the electronic components and devices that were produced in the Nanjing area for the Nanjing Radio Factory accounted for only 10 percent. It will be increased to over 20 percent in 1981. The trial production of small-sized transceivers which require several dozen types of integrated circuits is also being carried out in the local factories concerned.

3. They have combined supply and marketing, and have built and enlarged the channels for supply and marketing. The difficulties and waste in manpower and financial resources have been reduced during the purchase of materials and the marketing of products by individual enterprises.

Besides marketing the products and purchasing the materials through the original commercial channel, the company has set up sales and supply departments which get directly in touch with shops and factory enterprises in many cities all over the country. They have also built stable relations in realm of supply and marketing. On the one hand, the company can facilitate the marketing of the factories' products, and on the other hand, it can purchase in a planned way and in bulk some raw materials urgently needed by the factories. Particularly, it can propagate new products through various channels, and help the enterprises at the basic level with the marketing of their unsalable goods. This has been well received by the factories. For instance, 20,000 sets of the slim-typed radios produced by the Nanjing Radio Factory and 4,000 recorders were stockpiled for a period of time. The company sold them quickly after having purchased the entire stock, thus speeding up the turnover of the factories' funds. At the meeting for ordering electronic components and devices held by the No 4 Engineering Industrial Department in September and October 1980, an agreement was reached by the transistor devices factories affiliated to the company to unify external marketing and to supply complete sets of products according to the needs of the users. The users were very satisfied, and orders increased and rapidly that they outstripped the whole year's output. In the past, eight transistor devices factories separately purchased monocrystalline silicon material. Some factories sent out special persons to purchase such material even though only dozens of kilos were required in a year, and they were purchased at high prices. Now the eight factories have unified the purchase of this material. They consume about 1 ton each year. The prices are rather low, because they purchase in bulk. It is now more convenient for them and they have greater choice in the type and quality of the material they want to purchase.

4. They have simplified the multi-structured leadership, strengthened investigation work and unified the planning. This is good for helping the enterprises at the basic level to timely solve some practical problems.

Local factories generally have the idea that the leadership structure was too complicated in the past. After the founding of the company, the factories only have one level of leadership to follow. Meetings are not held as often as before, and the administrative structure has been simplified. Because of this, the work efficiency has been enhanced. In the meantime, the company pays attention to carrying out investigations on practical conditions and helps the factories solve some difficult problems that incidentally emerge. For instance, the company is to reallocate production funds to some factories, to arrange the expenses for the trial production of new products and to apply for bank loans. Thus, production has been promoted, and the factories are beginning to feel that it is good to have joint enterprises. In order to solve the problem of incurring debts in the livelihood of the staff members and workers of the factories, the company has not only formulated plans for developing production, but also laid down the measures and worked out plans to improve the welfare of the staff members and workers. The set of funds collected amounts to 1 million yuan, which will be used for building dormitories which will have a total area of 10,000 square meters so as to help the most straitened factories solve their housing problems.

Because the company was just recently established, it lacks practical experience. Besides, the present economic system in China has not yet been restructured in an all-round way. Therefore, there still exist many problems concerning joint development. They are mainly as follows:

First, ideological and organizational work carried out before the founding of the company was not meticulous enough. Some units did have a full understanding of or a feeling of urgency about joint development. When the company was about to be set up, attention was paid only to the work from top to bottom, while consultation work from bottom to top was not meticulous enough. Because ideological work has not been carried out sufficiently in the enterprises at the basic level, the initiative for joint development is influenced. Some large factories are reluctant to combine with small factories for fear that their status might be lowered. While some small factories maintain that, without relying on large factories, they can still manage with what they have.

Second, the company is not good enough at using economic means to carry out management. Quite often they consciously or unconsciously rely on administrative methods. The company is an economic organization, but not an administrative institution. But the company's working personnel are mainly from factories and departments in charge of industrial administration. What they are familiar with are the administrative methods they have used for many years. As to how to use economic means and economic lever, they are not familiar. In addition, the company was just established, so they are busy considering how to fulfill production plans and marketing tasks. They have to handle daily routine work, and have no time yet to completely work out methods for economic management.

Third, the superiority in various aspects of the integration system has not been brought into full play. The question of how key factories and medium- and small-sized factories should make up for each other's deficiencies and of how to cooperate has not been thoroughly solved. Since the founding of the company, there has not been great progress in the work of readjusting the production structure and in the work of specialization cooperation. The economic means have not been fully used for bringing into play the initiative of the key factories that are technologically strong. The establishment of links between factories have not been close enough. Some key factories have not broken away from old conventions, and are still working at maintaining their "large and complete" scale. Some small factories feel that large factories are not very helpful to them. Therefore, the superiority of having joint enterprises has not been clearly reflected.

Fourth, because the higher authorities and the basic levels are not in coordination with each other in readjusting the economic system, and because the relations between the general regulations and the concrete rules have not been correctly handled, the company is confronted with a lot of difficulties in doing its work. According to the company's regulations, the No 4 Engineering Industrial Department is responsible for production, supply and marketing. But it is not clearly stated how the provincial and municipal departments in charge should strengthen their active leadership over and support for the company. To some extent, this is affecting the initiative of the localities. The provincial and municipal departments in charge feel that it is inconvenient to concern themselves too much with the matters of the lower levels, or sometimes they do not even bother at all about the matters of the lower levels. Some departments and bureaus under the No 4 Engineering Industrial Department are not clear about the relations between the No 4 Engineering Industrial Department and the companies. They do not know what to take charge of and what not to take charge of. The various channels are not clearly differentiated. They have not broken away from the binds of the present organizational system, rules and methods, in respect to finance, tax revenue, prices and cadre administration. Many problems still exist. In addition, because of the deep influence of conventional ideas and old habits, the ownership by the departments in charge is distinctly separated from the ownership by the local administrative institutions. The company finds it inconvenient to take charge, the moment it wants to do so. Disputes over trifles can often be seen. At present, the departmental, provincial and municipal levels should all take charge of the company, but they have not done this job well. The role of the board of directors has not been brought into full play.

As to the problems stated above, the No 4 Engineering Industrial Department is now carrying out investigation jointly with the company and the units concerned. Measures are being adopted to solve the problems step by step. Conditions are now gradually improving.

/III. Some Problems on How To Run the Company's Joint Enterprises Well/

1. To run joint enterprises, we must respect enterprises' decisionmaking power, and bring into play the initiative of the company and the factories affiliated to it.

After the company was established, some people thought that since the company was set up by enterprises, the work should be closely coordinated, and that they should realize, as soon as possible, the unification of manpower, financial and material resources, production, supply and marketing. (abbreviated to "unification of the six aspects.") But quite a number of the basic units did not agree with this direction. They hoped that the enterprises' independence and right to act on their own should be respected. Particularly those units that had expanded their decisionmaking power were all the more unwilling to allow any changes to their hard-won limited rights and interests.

Practice has proved that the company should not wheel too much control over the enterprises. The company should respect the independence and rights of the various units that have joined the integrated company. Otherwise, the enterprises' initiative for developing production will be frustrated. Especially when the level of joint development, specialization, cooperation are not high, if the "unification of six aspects" is proposed too early, efforts will meet resistance since they are being developed against the will of the enterprises. Should this happen, not only will the factories' activities be restricted, but it is also difficult for the company to take control. Therefore, most of the comrades have proposed that it will be better for the company to realize an integration of the "loose type" than to carry out "unification of six aspects" too early. By "loose type," we mean that, as producers of commodities, the various units that have joined the integrated company keep their relative independence and their decision-making power, that the nature of the ownership of each unit will remain unchanged, and that the original financial channels and subordination will remain unchanged. Of course, by "loose type," it does not in the least mean slack and perfunctory organization, the company should have some control over trading direction, development program, labor force development, material supply, marketing of products and management in capital construction. Production cooperation, in particular, must be closely linked. This is entirely different from excessive centralization and tight control by the company. If viewed from the development of joint enterprises, the loose type will gradually be transformed into the close type. But this transformation will be gradually realized in accordance with the objective requirements for the development of production and in accordance with the ability of management. This cannot be determined by the subjective will.

That which is being done at present by the Nanjing Radio Factory is the following: joint development with separate management at each level; plus two level accounting being based on the factories; and more power to the basic enterprises. The company is mainly in charge of market investigation, economic analysis, and the study of the direction of the development of products. It is also in charge of supply and marketing, and of opening circulation channels and enlarging marketing and the service network. The company is responsible for the coordination of specialization in production and in cooperation, responsible for the trial production of new products, for enlarging production and for the feasibility studies on carrying out trial production. It is responsible for fostering qualified personnel so as to improve the enterprises' management and raise the level of science and technology. It pays attention to the livelihood of the staff members and

workers and to the welfare of the collective. As to the practical organizational work, the company lets the factories do it. The guiding principle of the company is as follows: the company is not to become an administrative institution, but is to become a management organization that combines services in various places, and to become a combined economic entity that works for the benefit of various fields. The company is to concentrate its efforts on carrying out a task that a factory is unable to fulfill, but is not to contend with the basic enterprises for a task that they themselves can fulfill. The company is ready to do as many good jobs as it can for the basic enterprises. It will facilitate and simplify working procedures so as to raise efficiency. The company is determined to stop the bureaucratic and feudalistic work style.

The comrades of the company have realized that to run this company well, they must not follow the pattern of "hair clippers being hot at one end when in use." In other words, they must not rely on the company's initiative alone. They must bring the initiative of the company and the factories into full play. The company should expand the factories' decisionmaking power. If the rights of the basic enterprises are not expanded, and if their right to act on their own is not respected, integration cannot be consolidated, and it will be hard to bring the superiority of integration into play. The company should develop integration on the basis of expanded rights, and bring the superiority into play on the basis of the integration. Integration should not be carried out too fast at the beginning. It can be developed as it is being consolidated. If conditions are not ripe, then integration should not be carried out.

The company must also have certain power, certain financial and material resources. Without these, it will be empty talk about the company serving the basic enterprises. But the company's power should not come from the basic enterprises, it should be transferred from the departments in charge. The departments concerned should give the company active support and enthusiastic help. They must not stop halfway, nor should they pay no attention to the company. Particularly when the economic system throughout the country has not been restructured in an all-round way, various units should create necessary conditions and make appropriate adaptations for the consolidation and development of this experimental company. For instance, the company should be given the relevant independent right for working out plans under the overall planning by the state. It should receive priority and given guarantees (part of the planned allocation) insofar as production equipment and raw materials are concerned. Loans and circulating funds should be provided in a convenient way. The power to appoint and dismiss personnel should be expanded. According to the integration rules, the company has the right to check and supervise the various units within the integrated body on their management of enterprises. The integrated units should carry out every decision passed by the company's board of directors according to the integration rules. The units should keep the whole situation in mind.

2. Economic integration must be realized on a voluntary basis and according to the principle of equality and mutual benefits. Economic interests of the units must be taken into account.

Integration of organizations must be realized from bottom to top on a voluntary basis. It must not be formed from top to bottom, nor can the method of "hauling a bridegroom into a marriage" be introduced. Joint management and technical cooperation must be carried out on a voluntary basis. And the basis for these voluntary actions is equality and mutual benefits, and the economic interests attained by the various units within this integration. In our country, socialist enterprises are relatively independent commodity producers, which objectively and inevitably demand that all production and management activities proceed according to the law of value. They wish to get the maximum economic results with the minimum labor consumption so as to gain more profits. It is appropriate for a relatively independent socialist enterprise to care for its own economic interests, under the prerequisite of guaranteeing the state's interests and fulfilling the demands of society, if not, it will cease to be a relatively independent commodity producer. Therefore, we must be very careful when handling the economic relations among various units that join into an integrated operation. We must adhere to the principle of exchange of equal value so as to guarantee the interests of the units from being infringed upon and so as to make common progress on the basis of equality and mutual benefits. Only when the various units of this integration feel that integration is good for the rational development of the economy and that their economic interests will be enhanced, will the integration be as solid as a rock.

The company has paid attention to handling the problem of economic interests. The company has worked out economic measures for rewards that are directly related to making profits and for encouraging the trial production of new products. The initiative of the staff members and workers has been brought into play. But the company has also had the problem of inappropriate handling of economic interests. For instance, the company once decided to expand the production of the B737-type radio sets which had been designed and plunged into production by the Nanjing Radio Factory by another subordinate radio factory. At that time, the leaders of the Nanjing Radio Factory thought that since the integration had just been formed, they should not charge any technical transfer fees for the sake of developing a good work style. But the staff members and workers of the factory had different opinions about this. They thought that it was detrimental to their economic interests to let others have the newly designed products free of charge, and that if this were to continue, the initiative for creating new products and the motive force for the integration would be affected.

In view of this incident, the company recently formulated some economic policies, which stipulate clearly the following: the integrated units are economically equal and contract-bound. All factories, large or small, have equal rights, and are responsible for their own relevant obligations. The large cannot swallow the small, nor can the small eat up the large. Production, technology and labor service must be coordinated through mutual consultation and by signing a contract so as to guarantee the economic rights and interests of the various units. Administrative means and orders are not to be used. Equalitarianism and indiscriminate transfer of resources cannot be carried out in the fields of fixed assets, circulating funds and technical achievements. Mutual transfer or redistribution must have the

corresponding economic replacement. Renewal funds accumulated by the company, costs for the trial production of new products may be readjusted in their use, the ownership of the funds still belong to the various basic enterprises, and the funds must be credited into their separate accounts. It is not allowed to take from those who have too much so as to give to those who have too little, nor is it allowed to mix them together. Joint enterprises and integrated enterprises of the ownership by the whole people and of the ownership by the collective must have clear financial relations. Their channels must be explicit and their accounts must be separated. Profits allocation must be determined in accordance with the appropriate proportion of investments by both sides. The demarcation between the two ownerships must not be confused.

In short, the company must really become a "free and equal integrated body of producers." ("Collected Works of Marx and Engels," "On the Nationalization of the Land," Vol 2, p 254) The company must adhere to the economic means in coordinating and guiding the economic activities and the relations of the units of the integrated body. Administrative means will be used only when absolutely necessary. We must do things according to the objective laws governing the economy so as to make the various integrated units see the visible advantages, and so as to develop production and integration. Some comrades have said, "The company's prospects, the individual's benefit, will make us go all out in our work." This reflects the hope and demand of the staff members and workers and of the enterprises that have joined the integrated body.

3. Bring the superiority of integration into full play, do a good job in specialization production and cooperation.

The purpose of organizing economic integration is to bring the superiority of the various integrated units into full play. Specialized production and cooperation should be exercised according to the rational economic principle so as to improve the all-round economic results, to strengthen the ability to compete among the enterprises, to speed up the development of the socialist economy and to meet the demands of production and construction and of the people's livelihood.

In order to bring the superiority of the various integrated units, we must first analyze the strong and weak points of those integrated units, analyze the superiority and inferiority of large and small factories, and be good at developing the strong points and improving the weak points. We must concentrate our superior strength to form a powerful fist. Therefore, starting from the common interests of joint development, the various integrated units should help each other, make up for each other's deficiencies and progress together. Factories subordinate to the department should bring into play the superiority in production management and in technology, help the local factories raise their technological and management levels, and unite with them in enlarging the production of those sought-after products. The company should particularly help the local factories that produce electronic components, electronic devices and complete sets of electronic parts raise the quality of their products and reduce the capital invested in

production so as to enhance the capacity of coordination and to promote the competitive capability of products. The local factories should bring into play the favorable conditions in which specialization is high, potentials for basic electronic components and devices are large, and in which the workers are young, the production site is adequate so as to expand the production of electronic components and devices and complete sets of electronic parts, and to lay an even firmer foundation for the development of complete sets of radios and televisions. The various integrated enterprises should first truthfully look at their own strong and weak points, conscientiously learn from and be good at absorbing the strong points of other enterprises. They should be confident in each other.

The important reasons for running joint enterprises is to promote specialization, enlarge the scope of cooperation and realize large-scale production of socialization. In order to do a good job in this respect, we must start from practice and pay attention to economic results. We must combine joint development with the implementation of the principle of "readjusting, restructuring, consolidating and improving." By starting from practice, we mean that we should readjust the production structure and organize various forms of specialized production and cooperation according to the rational economic principle, in the light of the production conditions of each enterprise subordinate to the company and in the light of the practical level of the socialization of production. Because the company is an all-round joint enterprise, it can organize the basic factories and the factories that produce complete sets of radios and televisions, so as to link up the parts to form a whole. The purpose of all this is to help each other forward, to have a systematic quality feedback, to raise management level and efficiency and to strengthen the competing capability. We must not only lay emphasis on forming an internal whole, but must work to help the backward. Specialization should include various forms of coordinating parts for products and technology, spare parts, technical services, both in the factories and for the life of the product, it is not good just to have only one pattern. Specialization does not mean singularizing, it does not exclude the production of various products. On the contrary, if the products are too simple, there will not be enough room to maneuver; and it will be hard to meet the variable demands of the market. Of course, variety of products depends on the demands of society and on the production condition of the enterprises concerned. It must not be dealt with categorically. Specialization should be promoted gradually, and its promotion is determined by the development of production, by improving production technological and management levels and by the level of the development of the whole economy. We should gradually bring the "large and complete" or "small and complete" enterprises onto the coordinating track of specialized production. We must not carry out specialization for the sake of specialization, forgetting the conditions and ignoring the economic results. Specialization and coordination supplement each other. They are two aspects of the unity of opposites in the development process of social production. If the two aspects fail to complement each other, the superiority of large-scale production of socialization cannot be brought into full play, nor can the economic results for which this company established to achieve be brought into full play.

An integrated economic body links with other integrated economic bodies and enterprises. We must not only develop coordination within the company's specialized departments, but also beyond the company's specialized departments. We must not only be geared to the needs of the province, but also to the needs of the whole country. Only in this way can we take a broader road. What merits special attention is that, when developing new external coordinating relations, the original external coordinating relations should be maintained. They cannot be abandoned halfway. Coordination among units for the production of complete sets of equipment must be carried out according to the principle of promoting the good products, we must carry out the principle of combining together the production of complete sets of equipment throughout the country, throughout the region and within the departments themselves. We must not stress one-sidedly or lay down hard and fast rules that the production of complete sets of equipment must be carried out locally and within the departments themselves. In short, we must start from the point of achieving economic results.

4. An integrated economic body must adhere to the principle of democratic management so as to fully show that the staff members and workers are the masters of companies set up jointly by various enterprises.

Democratic management is the basic characteristic of socialist enterprises, and is also the requirement of the nature of socialist economy. For a company that is composed of several enterprises joined together on voluntary basis, the key to making it into a free and equal integrated body of the producers and to running well its integrated organization, lies in bringing into play the initiative of the company's staff members and workers, and in allowing the staff members and workers and the representatives of the various integrated units to have the power to manage the company so that they actually become the masters of the enterprises. This requires general implementation of the principle of democratic management within the company. The basic enterprises must not only put into effect the democratic management system under which the congress of the staff members and workers is the organ of power, but the company should also have a relevant organ that reflects democratic management. Of course, the form may differ from that of the basic enterprises, for it is very difficult for the company to hold a congress of its staff members and workers. At present, what is being done by the Nanjing Radio Company is the following: The board of directors that is composed of the representatives from the various units of the company exercise the policymaking and supervisory power of the integrated economic body. As to the direction and principle of management, planning, the appointment and dismissal of principal cadres of the enterprises, and the implementation of important measures, these will all be decided by the board of directors. But there are not enough persons on the board of directors, because not every basic enterprise has a representative unit. So far it cannot reflect the economic interests and demands of every participating unit. The company is ready to let the representatives of all the subordinated units take part in the board of directors. This board of directors will be extensively democratic. In order to facilitate routine work, the board of directors will set up an elected Standing Committee at its plenary session. When the board of directors is not in session, the Standing Committee will perform the functions of the board of directors, and check and handle routine work. It is to report regularly on its work at the plenary sessions of the board of directors. Its report will be examined and approved by the board of directors.

The fundamental question in exercising the principle of democratic management is to have firm belief in and to rely on the masses, and to respect fully the democratic right of the staff members and workers. We must correctly handle the relations between cadres at all levels and the masses, and reflect fully that the staff members and workers are the masters of enterprises, be in theory or in practice, and that cadres at all levels are merely public servants. Public servants must be obedient to the masters, and must be willing to be disposed of by the masters, not vice versa. Therefore, we must see to it that the cadres develop a democratic work style, respect the opinions of the staff members and workers and not make arbitrary individual decisions. We are against the feudal patriarchal system and the bureaucratic work style. The enterprises will have more and more power to act on their own with the restructuring of the economic system of the country and with the expansion of the enterprises' decisionmaking. If the enterprises' decisionmaking power is not turned over to the organ of democratic management and to the organ of supervision, but merely to certain responsible persons, then the staff members and workers will still have no right to manage the enterprises, nor can they effectively supervise the cadres. In this event, the initiative and creativeness of the staff members and workers will be suppressed, and the right of the leading cadres of some enterprises will be enlarged to such an extent that they can control a wide range of economic interests. Thus, bureaucratic work style, commandism, and the habit of issuing confusing orders will be fostered. They will even resort to dishonest and unlawful practices, and lead the socialist enterprises astray. Therefore, the more power the enterprises have, and the more developed the integrated economic body is, the more need there will be to carry out democratic management. It is very important to adhere to this principle.

5. The party and the government should divide up the work. The enterprises' leadership system must be changed. This is an important guarantee for running the joint enterprises well.

After the founding of the Nanjing Radio Company, it has changed the situation under which the party and government did not divide up the work, and under which the party replaced the enterprises. It now exercises the manager system, a single person in charge under the leadership of the company's board of directors. This is suitable for the requirements of joint development. The board of directors is the company's supreme policymaking organ, while the party organization only plays the role of a supervisor. In this way, will the party leadership be weakened? Or is it that the party committee will have nothing to do? The practice of the company has answered this question. The responsible persons of the company's party committee and some cadres in charge of political work and in charge of administration generally felt that there were great advantages after the party and government had divided up the work. Their initial experience is as follows: 1. The work of the party committee has been defined. They have time to handle party work and do political and ideological work. In the old way, the party organization had to exceed its own functions to meddle in administrative affairs, which had originally been under the jurisdiction of the administration department or of the trade unions. All matters, large and small, had to be approved by the party committee and by the party secretary. Thus the party organization was heavily bogged down

in administration affairs, and party work was put aside. As a result, the party leadership was seriously weakened. But now things are different. The party secretary no longer deals with administrative matters, and now has time to do political and ideological work and to go among the masses to carry out investigations. The secretary and assistant secretary of the company's party committee spend 2 to 3 1/2 days a week in the grassroots units keeping in touch with the masses and finding out about the situation. Every Saturday is a reception day, on which visiting masses are received. The masses may make an appointment with the cadres. In this way, the relations between the party and the masses have become closer. The masses say, "In the past, it was very, very difficult to find the secretary. But now we can often see the secretary." 2. The cadres no longer issue confusing orders. In the past, those who were familiar with vocational work had no right to decide, while those who had the right to decide were not familiar with vocational work. Everything was to be decided by the secretary, and quite often what was said was in lay language, and confused orders would be issued. Now the manager, technicians who are familiar with vocational work will administer affairs in the vocational field. They have the right to issue orders. 3. Work efficiency is promoted. In the past, all matters, large and small, were taken to the party committee for discussion. Quite often, there would be no decision made after discussion, and no implementation after a decision. When a problem arose, they shoved responsibilities onto others. Work efficiency was very low. Now the party and government have divided up the work, each having its respective responsibilities. Acting upon the decision by the company's board of directors, the leading personnel of the administration department are bold in shouldering responsibilities. They are fully responsible for day-to-day management activities. Because the scope of functions is clear, many problems are solved rather quickly. Unified orders are issued and responsibilities are clear.

Facts have proved that the division of work by the party and government has played a positive role in improving and strengthening the party leadership and in pushing ahead the restructuring of the economic system. The party's responsibilities for exercising political leadership over the enterprises' work are not in the least hampered. On the contrary, higher requirements have been set under the new conditions. The party leadership is realized by relying on the correct line, principle and policies, by relying on ideological and organizational work that is carried out painstakingly among the masses, and particularly of leading cadres at all levels. It is not realized by relying on the administrative method. The enterprises' party organization will not directly interfere with the vocational work that is carried out by the administrative leading personnel of the enterprise and by the administrative organ. It concentrates its efforts on the building of the party itself and it plays its political role in supervising and guaranteeing the enterprises' management activities so as to implement the party's principle and policies and to implement the state decree.

The division of work by the party and government does not mean that they are not connected to each other, and that each goes its own way. We cannot set the implementation of the system of the manager being in charge against the

strengthening of the party's political leadership, nor can we separate economic work from political work. The enterprises' party committee must strengthen its ideological and political leadership. And around the task centering on production, it must do a good job in providing ideological education to the staff members and workers, and in carrying out overall supervision over the work of the enterprises, so as to further assure that the manager can carry out his work smoothly, and so as to fulfill the task of production. The enterprises' party committee and the administrative department should exchange information and cooperate with each other. Now the company has set up a keep-in-touch system, which plays a certain role in timely readjusting the relations between the party and government, and in coordinating work efforts.

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INDUSTRY

BRIEFS

WAR INDUSTRY CIVILIAN GOODS--Shanghai, 23 Apr (XINHUA)--China's war industrial departments have achieved significant success in producing civil goods after fulfilling their quotas of research and production of war supplies. According to information presented by representatives of the war industrial departments attending the national conference on industry and transport, the war industrial departments have been mass producing bicycles, sewing machines, wooden clocks, light motorcycles, television sets, recorders, household appliances and other industrial goods to meet market demands. The output value of civil goods is expected to reach 42.6 percent of the war industry's gross output value this year, as compared to 11.5 percent in 1979 and 21.6 percent in 1980. Last year the war industrial departments in Sichuan alone manufactured over 4,400 sets of special equipment for the light and textile industries and produced over 40 million yuan of spare parts for them. Mechanized equipment for making wine and cigarettes and the printing and shoemaking machines manufactured by the war industry are welcomed by users. [Beijing XINHUA Domestic Service in Chinese 1155 GMT 23 Apr 81]

RENOVATION PROJECTS--Beijing, 24 Apr (XINHUA)--According to the State Statistical Bureau, 23,105 projects of tapping the potential of existing enterprises and renovating and transforming old enterprises were completed in 1980, adding 9.26 billion yuan of fixed assets to those enterprises. Thanks to those projects completed for the light and textile industries and the energy industry, output of cotton textile products, printed and dyed fabrics, woolen textile goods, silk products, candy, cigarettes, wines, soap, light bulbs, leather shoes, bicycles, sewing machines, wristwatches, coal, petroleum and electricity has risen. For example, 360,000 cotton spindles have been added to the textile industry, the yearly productive capability of leather shoes and bicycles has increased by 3.02 million pairs and 1.07 million units, respectively, and coal mining capability has increased by 5.4 million dun. As a result of the newly completed energy conservation projects, 1.58 million dun of coal, 1.2 million dun of petroleum and 260 million kwh of electricity can be conserved each year. [Beijing XINHUA Domestic Service in Chinese 1255 GMT 24 Apr 81]

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CONSTRUCTION

BRIEFS

HEILONGJIANG BUILDING MATERIALS--Thanks to the readjustment of the national economy, the commune- and brigade-run building materials industry is progressing well in Heilongjiang Province. In 1980, commune- and brigade-run building materials industrial enterprises throughout the province produced some 3.8 billion bricks, 60 percent of the provincial total output, and some 10 million cubic meters of sands and stones, 80 percent of the total output. Such enterprises' output value totaled some 260 million yuan, and their profits totaled 92 million yuan. [Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 29 Apr 81]

CSO: 4006/295

DOMESTIC TRADE

BRIEFS

ANHUI PRICE CONTROL--An Anhui provincial work conference on commodity prices was recently held in Hefei. It decided that, under the leadership of the party committees and governments at various levels, the price control departments should further implement the State Council's circular on price control, effectively strengthen and improve price control and continue to stabilize the market prices so as to make contributions to the economic readjustment and political stabilization. The participants studied party documents, reviewed past work and studied the ways on price control, saying it is essential to strengthen the market management, protect proper business dealing and deal a blow at speculation. [OW171437 Hefei Anhui Provincial Service in Mandarin 1100 GMT 16 Apr 81 OW]

ANHUI COMMERCIAL MEETING--The Anhui provincial department of commerce invited representatives of the Provincial Democratic National Construction Association and the Provincial Federation of Industry and Commerce to a meeting on 20 April to hear their opinions on commercial work at the grassroots level and their suggestions for improvement. At the meeting, the representatives enthusiastically offered suggestions on how to stimulate market activity and make arrangements for employing jobless youths. Responsible comrades of the Provincial Department of Commerce, the provincial catering service company, the provincial vegetable company and the provincial department stores company and other units earnestly listened to their opinions. [OW211125 Hefei Anhui Provincial Service in Mandarin 1100 GMT 20 Apr 81 OW]

ANHUI PRICE CHECKUP--A provincewide checkup on commodity prices will soon begin in Anhui to insure observance of the State Council regulations on price control and stabilize current commodity prices at the December 1980 level. Hu Kaiming, Standing Committee member of the provincial CCP committee and vice chairman of the provincial people's congress Standing Committee, and Chen Tienren, vice chairman of the provincial CPPCC committee, will head two separate groups to conduct the checkup. On 28 April Vice Governor Li Qingquan presided over a meeting of the two groups to discuss matters related to the checkup. On behalf of the provincial people's government, (Hu Tan), director of the provincial finance office, outlined the basic requirements and guidelines. The checkup will focus mainly on the eight municipalities under the provincial government. [OW301315 Hefei Anhui Provincial Service in Mandarin 1100 GMT 29 Apr 81 OW]

JIANGSU AUTOMOBILE PURCHASE--The Jiangsu Provincial People's Government recently issued a circular urging all localities to earnestly examine and handle the question of unauthorized purchase of automobiles by some units and rectify the unhealthy practice. In recent years, some units have bought automobiles through collaboration and at high prices for the purpose of squandering money and seeking privileges. The masses have complained of this to the provincial authorities. The circular clearly stipulates that in future, any unit that plans to buy automobiles should get the approval of the provincial authorities in accordance with the state regulations that limit the purchasing power of social institutions. Automobiles purchased through improper procedures should be mothballed or delivered to the state for unified distribution to other municipalities for use by tourist and rental car departments. [Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 18 Apr 81 OW]

SHANDONG MARKET TRENDS--It was disclosed at the Shandong provincial conference of commercial bureau directors that people's daily necessities in Shandong Province will be in ample supply in 1981, that the light industrial output value will increase by 9.8 percent over 1980 and that the procurement volume of 42 kinds of commodities will increase by 6.1 percent. Other foodstuffs such as meat, eggs and vegetables will be in ample supply. Expensive goods, including bicycles, sewing machines, wristwatches and leather shoes also will increase to varying degrees. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 25 Apr 81 SK]

ZHEJIANG TRADE FAIR--The third Zhejiang provincial trade fair of electronic products ended in Hangzhou 17 April. During the 15-day fair, some 45 million yuan worth of products were sold, 2.4 times the volume sold during the second trade fair last year. The main products on display were radio and television sets, recorders, phonographs and other electronic household appliances. [Hangzhou Zhejiang Provincial Service in Mandarin 0400 GMT 20 Apr 81 OW]

ZHEJIANG MACHINERY EXHIBITION--The Zhejiang provincial machinery and electric products trade fair sponsored by the provincial bureau of machine building opened in Hangzhou on 10 April. Nearly 1,000 types of products, including electric motors, electric fans, elevators and dyeing, printing and electroplating machines, as well as various types of teaching aids and instruments were on display. Customers can talk business and sign contracts on the spot or buy products on a retail basis. [OW141419 Hangzhou Zhejiang Provincial Service in Mandarin 1100 GMT 11 Apr 81 OW]

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FOREIGN TRADE

BRIEFS

FUJIAN MACHINE EXPORT--Fujian Province's machinery enjoys brisk sales on the international market. As of now, some 40 types of machinery produced in the province have markets in more than 20 countries and regions. The province's total export value of machinery in 1980 doubled that of 1979. The total export value in the first quarter of 1981 tripled that of the corresponding period of 1980. [Fuzhou Fujian Provincial Service in Mandarin 1035 GMT 20 Apr 81 OW]

FUJIAN EXPORT GROWTH--During the first quarter this year, the amount of export commodities procured by Fujian Province increased more than 10 percent from the same period last year. The amount of exports also showed some increase. Among the export commodities procured, the amount of light, textile and handicraft industry products climbed by 30 percent and that of mining products quadrupled. During the quarter, the ratio of handicraft and mining products rose from 37 percent of the same period last year to 49 percent of the total export commodities procured. The amount of agricultural, sideline and local special products dropped from a ratio of 63 percent to 51 percent. The quarter saw a drastic increase in the export of contracted processed items by US\$3.62 million as compared to the same quarter last year. The items included mosquito-repellent incense, gunny-bags, soap, plastic shoes, drawnwork, fabrics and down and feather products. [Fuzhou Fujian Provincial Service in Mandarin 1035 GMT 15 Apr 81 OW]

SHANGHAI PORT EXPORTS--Beijing, 27 Apr (XINHUA)--Efforts to find new sources of goods have increased Shanghai port's export volume at an annual rate of over 20 percent since 1977. This first quarter's procurement of export goods by the city was over 8 percent more than the same 1980 period. Shanghai has maintained long business contacts with some 17,000 firms in 165 countries and regions and keeps a sales-agent or sole-agent relationship with more than 70. Its sources of export goods have been a little below the planned export target in the past couple of years. One step taken is to improve contracts with the fraternal provinces to increase their shipments. Another is to increase raw material import to expand finished products export. Estimates show that, for every dollar of raw materials imported, Shanghai can obtain 7 yuan worth of finished products as an additional source of export goods. From this alone the city increased nearly 600 million yuan worth of its source of export goods last year. In recent years Shanghai has obtained short term state loans to build 358 projects which, when completed, will increase 1.5 billion yuan worth of source of export goods. Three of the 26 projects started in 1980 are already yielding results. There are also 259 export goods processing centers in the Shanghai area itself. [Beijing XINHUA Domestic Service in Chinese 1610 GMT 27 Apr 81 OW]

CSO: 4006/298

PUBLICATIONS

BRIEFS

SHANGHAI SCIENCE DICTIONARY--The Shanghai Science and Technology Publishing House has published "Xiandai Keji Cidian" [3807 0108 4430 2111 6588 0368 Modern Dictionary on Science and Technology], China's first voluminous, comprehensive Chinese-English reference book in science and technology. The dictionary, compiled of more than 200 scientist, consists of two volumes with more than 106,000 entries and more than 2,600 illustrations covering 109 disciplines. [OW201026 Shanghai City Service in Mandarin 1130 GMT 17 Apr 81 OW]

CSO: 4006/298

Coal

AUTHOR: ZHOU Yongchang [0719 3057 2490]

ORG: Shanghai Research Institute, Central Coal Mining Research Institute

TITLE: "Preliminary Analysis of Mechanical Characteristics of Shield Supports"

SOURCE: Beijing MEITAN XUEBAO [JOURNAL OF THE CHINA COAL SOCIETY] in Chinese No 1, Mar 81 pp 1-17

TEXT OF ENGLISH ABSTRACT: Mechanical characteristics of four types of shield supports are analyzed. According to the forces offered by the legs and the compensation cylinders, formulas are presented for calculating the loading capacity of the powered support and the locations where the forces are exerted. The components of the loading force are discussed one by one. In light of equilibrium of forces for a stable powered support, the concept of the area of force equilibrium, showing the mechanical characteristics of the powered support, is introduced. The areas of force equilibrium for four types of shield support are detailed and the possibility of the roof pressure acting beyond these areas is discussed. It is pointed out that the location where forces are exerted and the resultant external loading forces usually measured underground may not always represent the actual roof pressure.

AUTHOR: LIU Tianquan [0491 1131 3123]

ORG: Beijing Research Institute of Coal Mining, Central Coal Mining Institute

TITLE: "The Possibility of Using the Upward Mining Method"

SOURCE: Beijing MEITAN XUEBAO [JOURNAL OF THE CHINA COAL SOCIETY] in Chinese No 1, Mar 81 pp 18-29

TEXT OF ENGLISH ABSTRACT: This paper describes the upward mining technique used in mining multi-seams and the main experiences gained that are involved. According to the rules of roof caving and the movement of the overlying strata, the author analyzes the influence of the extraction of the lower seam on the upper seam. The possibility and main conditions for the upward mining method are also discussed. The formulas for determining the minimum spacing between two seams are given.

AUTHOR: SU Lifan [5685 4539 0416]

ORG: Beijing Research Institute of Mine Construction, Central Coal Mining Research Institute

TITLE: "Study of Strata Pressure on Lining in Frozen Shaft"

SOURCE: Beijing MEITAN XUEBAO [JOURNAL OF THE CHINA COAL SOCIETY] in Chinese No 1, Mar 81 pp 30-38

TEXT OF ENGLISH ABSTRACT: According to rock pressure data measured in eight frozen shafts, investigation has been conducted on the activity of rock pressure on shaft lining. The cause of the formation of freezing pressure is analyzed. Two patterns of curves expressing the rule of freezing pressure at the middle and lower parts of the lining section have been attained. Three types of distribution of the freezing pressure along shaft sections are discussed. An empirical formula for calculation of freezing pressure in clayey soil is derived. Based on comparison of strata pressure data from measurement and theoretical calculation, the author puts forward a formula for calculation of freezing pressure below a critical shaft depth.

AUTHOR: LIU Baochen [0491 1405 3819]
YAN Ronggui [7346 2837 6311]

ORG: Both of the Institute of Mining and Metallurgy Research

TITLE: "The Basic Rules of Displacement of Rock Mass Due to Underground Mining"

SOURCE: Beijing MEITAN XUEBAO [JOURNAL OF THE CHINA COAL SOCIETY] in Chinese No 1, Mar 81 pp 39-55

TEXT OF ENGLISH ABSTRACT: The displacement of the rock mass due to underground mining is one of the most important problems for extraction of the shaft protective pillars. In this paper, the effect of extraction on rock mass is discussed in detail in terms of probability. The problems existing in extraction of three-dimensional finite mediums as well as two-dimensional semi-infinite and finite mediums have been solved. A series of formulas for calculating the fields of displacement and the deformation is given. The parameters used in the formulas are equivalent to those for the rock mass and for ground surface, therefore the theory of the displacement of rock masses and of ground surface is a closed system.

AUTHOR: ZHONG Xianliang [6945 7359 0081]

ORG: Fuxin Mining College

TITLE: "On the Mechanism for the Formation of a Coal Enriched Zone"

SOURCE: Beijing MEITAN XUEBAO [JOURNAL OF THE CHINA COAL SOCIETY] in Chinese
No 1, Mar 81 pp 56-64

TEXT OF ENGLISH ABSTRACT: Based on modern mossland data, the mechanism for forming an enriched zone of coal is discussed. A geological model for demonstrating the evolution of the mossland and a mathematical model for analyzing the thickness of the peat sedimentation were derived from the relative settling speed of the earth and the speed of sedimentation of the peat. The conclusion was drawn that where the settling speed of the earth was equal to or less than the sedimentation speed of the peat, there existed favorable conditions for forming thick layers of peat. If various factors causing variations of the water level satisfy the Linderberg conditions for the central limit theorem, the water level will follow a normal distribution. Therefore, there exists a normal distribution of the ideal peat distribution probability model. In the fringe of a catchment basin there exists an ideal maximum probability peat zone, and the steep sedimentary slope favors concentration of the peat. The main reason for abnormal distribution is the ingress of terrigenous materials into the swamp. The paper concludes with an analysis of the essence of the island-shape formations of coal.

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